

Message Text

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ORIGIN EB-07

INFO OCT-01 AF-08 ARA-06 IO-13 ISO-00 STR-04 COME-00
AGRE-00 CEA-01 CIAE-00 DODE-00 FRB-03 H-01 INR-07
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05
CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
FEAE-00 OMB-01 XMB-02 OPIC-03 /106 R

DRAFTED BY EB/ICD/TRP:PPILKAUSKAS:JMM
APPROVED BY EB/ICD/TRP:TJO'DONNELL
AF/EPS:LWHITE
EB/OT/GCP:MBAAS
AF/W:GDIES
EB/OT/GCP:JSLATTERY
STR:SLANDE
COMMERCE:GREDDING

-----181822Z 080911 /43

R 181546Z JAN 77
FM SECSTATE WASHDC
TO AMEMBASSY ABIDJAN
INFO AMEMBASSY BRASILIA
USMISSION GENEVA
AMEMBASSY LAGOS
AMEMBASSY MEXICO
USDEL MTN GENEVA

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E.O. 11652: N/A

TAGS: ETRD, EAGR, IC

SUBJECT: GSP AND IVORIAN COCOA BUTTER

REF: ABIDJAN 167 (NOTAL)

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1. IVORY COAST COCOA BUTTER IS LIKELY TO REMAIN COMPETITIVE
IN THE U.S. MARKET IN VIEW OF THE TIGHT COCOA SUPPLY
SITUATION NOW PREVAILING AND LIKELY TO CONTINUE FOR THE
NEXT YEAR. AT THE CURRENT PRICE OF APPROXIMATELY \$2.80
PER POUND THE U.S. COCOA INDUSTRY CONSIDERS THE THREE
PERCENT DUTY ON COCOA BUTTER AS A SIGNIFICANT BARRIER BUT
NOT ONE WHICH WILL EXCLUDE IVORY COAST IMPORTS THROUGH A

SHIFT TO OTHER SOURCES. THE IVORY COAST'S MAJOR COMPETITORS IN THE U.S. MARKET WILL CONTINUE TO ENJOY GSP TREATMENT.

2. AN EDUCATED GUESS BASED ON DISCUSSIONS WITH COCOA INDUSTRY REPRESENTATIVES IS THAT IVORY COAST EXPORTS TO THE U.S. MAY DROP ABOUT 10 PERCENT DUE TO THE REIMPOSITION OF THE THREE PERCENT TARIFF. THE FALL IN IVORY COAST SALES IN THE U.S. WILL DEPEND UPON THE AVAILABILITY OF COCOA BUTTER FROM GHANA, AND NIGERIA (BUT NOT A GSP BENEFICIARY) IN THE FIRST INSTANCE, BOTH PRODUCERS OF WHAT IS TERMED HARD COCOA BUTTER WHICH HAS SPECIAL PREMIUM QUALITY CHARACTERISTICS, AND IN THE SECOND INSTANCE, THE ABILITY OF THE INDUSTRY TO SHIFT TO LATIN AMERICAN COCOA BUTTER FROM BRAZIL, MEXICO, ECUADOR (ALSO NOT A GSP BENEFICIARY) AND THE DOMINICAN REPUBLIC, WHICH PRODUCE A LESS FAVORED SOFT COCOA BUTTER.

3. UNDER CURRENT MARKET CONDITIONS ANY LOSS IN THE U.S. MARKET WILL BE MADE UP BY SALES IN WESTERN AND EASTERN EUROPE. WORLD DEMAND FOR COCOA BUTTER IS SO STRONG THAT ALTERNATIVE MARKETS WILL BE EASY TO FIND. THE DISASTROUS GHANAIAN CROP LEAVES THE IVORY COAST AS THE ONLY MAJOR PRODUCER OF HARD COCOA BUTTER. PRIOR TO 1976 A MAJOR PORTION OF IVORY COAST COCOA BUTTER WENT TO EUROPEAN MARKETS. THERE WILL UNDOUBTEDLY BE SOME SHIFT BACK TO PRE-1976 TRADE PATTERNS.

4. COCOA BUTTER (TSUS 156.35) IS INCLUDED IN THE U.S. LIMITED OFFICIAL USE

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TROPICAL PRODUCTS OFFER LIST. IF AND WHEN U.S. IS ABLE TO IMPLEMENT ITS OFFER, THIS PRODUCT WOULD ENTER THE U.S. DUTY-FREE ON A PERMANENT MFN BASIS. THE LOSS OF GSP ON THIS ITEM BY THE IVORY COAST THUS MAKES THE U.S. TROPICAL PRODUCTS OFFER IN THE MTN MORE VALUABLE TO THE GOIC. THIS POINT SHOULD BE MADE TO GOIC OFFICIALS IN DISCUSSING THIS ISSUE. EMBASSY SHOULD ALSO REITERATE U.S. POSITION THAT WE ARE UNABLE TO MAKE UNILATERAL CONCESSIONS IN THE MTN AND WILL NEED SOME CONTRIBUTIONS, CONSISTENT WITH DEVELOPMENT NEEDS, FROM THE BENEFICIARIES OF OUR OFFER IN ORDER TO PUT OUR CUTS INTO EFFECT. IN THE CASE OF IVORY COAST, WE HAVE REQUESTED CONCESSIONS ON SOY PROTEIN PRODUCTS, AIR CONDITIONERS, TRACTORS AND GRADERS. IN MAKING ITS PRESENTATION ON THIS SUBJECT, EMBASSY SHOULD BE AWARE THAT U.S. IS SEEKING CONTRIBUTIONS NOT ONLY FROM THE IVORY COAST BUT ALSO FROM OTHER MAJOR SUPPLIERS TO U.S. (BRAZIL, MEXICO, NIGERIA). EMBASSY MAY SUGGEST THAT THE GOIC MAY FIND IT USEFUL TO COMMUNICATE WITH THEIR MISSION IN GENEVA SO THE GOIC AND U.S. GENEVA DELEGATIONS CAN FURTHER

DISCUSS THE TROPICAL PRODUCTS NEGOTIATIONS.
KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COCOA, COMMODITIES, GENERALIZED PREFERENCES (TARIFFS), MARKET SURVEYS
Control Number: n/a
Copy: SINGLE
Sent Date: 18-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE011355
Document Source: CORE
Document Unique ID: 00
Drafter: PPPILKAUSKAS:JMM
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770018-0918
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770140/aaaabjgl.tel
Line Count: 118
Litigation Code IDs:
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Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d46c47d5-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 ABIDJAN 167
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 30-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3569892
Secure: OPEN
Status: NATIVE
Subject: GSP AND IVORIAN COCOA BUTTER
TAGS: ETRD, EAGR, IV
To: ABIDJAN
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/d46c47d5-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009